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8 Counsel for Plaintiff

9 UNITED STATES DISTRICT COURT
10 CENTRAL DISTRICT OF CALIFORNIA

11 -----X
12 GARY REDWEN, INDIVIDUALLY AND
13 ON BEHALF OF ALL OTHERS
14 SIMILARLY SITUATED,

15 Plaintiff,

16 vs.

17 SINO CLEAN ENERGY INC.,
18 BAOWEN REN, WEN FU, ALBERT JURY TRIAL
19 CHING-HWA PU, HON WAN CHAN, DEMANDED
20 WENJIE ZHANG, ZHIXIN JING, AND
21 PENG ZHOU,

22 Defendants.
23 -----X

24 Plaintiff Gary Redwen ("Plaintiff"), individually and on behalf of all other
25 persons similarly situated, by his undersigned attorneys, for his complaint against
26 Defendants, alleges the following based upon personal knowledge as to himself and
27 his own acts, and information and belief as to all other matters, based upon, *inter*
28 *alia*, the investigation conducted by and through his attorneys, which included,

FILED
11 MAY -6 PM 3:23
CLERK U.S. DISTRICT COURT
CENTRAL DIST. OF CALIF.
LOS ANGELES

CASE No.:
CV11-03936 PA(SSX)

CLASS ACTION
COMPLAINT FOR
VIOLATION OF THE
SECURITIES LAWS

1 among other things, a review of the defendants' public documents, conference calls
2 and announcements made by defendants, United States Securities and Exchange
3 Commission ("SEC") filings, wire and press releases published by and regarding
4 Sino Clean Energy, Inc. ("SCEI" or the "Company"), securities analysts' reports
5 and advisories about the Company, and information readily obtainable on the
6 Internet. Plaintiff believes that substantial evidentiary support will exist for the
7 allegations set forth herein after a reasonable opportunity for discovery.

8 **NATURE OF THE ACTION**

9 1. This is a federal securities class action on behalf of a class consisting
10 of all persons other than Defendants who purchased the common stock of SCEI
11 between April 6, 2009 and May 5, 2011, inclusive (the "Class Period"), seeking to
12 recover damages caused by Defendants' violations of federal securities laws.

13 2. Throughout the Class Period, Defendants made materially false and
14 misleading statements about the Company by vastly overstating the Company's
15 revenues and operations.

16 3. Defendants overstated their revenues for FY 2009 by a factor over 20.
17 Defendants fabricated customers. Defendants owned "ghost factories" that had no
18 operations and were used strictly for show.

19 4. On April 25, 2011, rumors began circulating that a report produced
20 after extensive due diligence including unannounced on-site visits to Sino Clean
21 Energy showed that the Company had a far less production than what it reported in
22 SEC filings.

23 5. On April 26, a version of the report was disseminated to subscribers of
24 analyst firm Geoinvesting.

25 6. On April 28, analyst Alfred Little published a report which included
26 more detailed factual allegations and Chinese tax filings allegedly showing that the
27 Company had no or nearly no operations.
28

1 7. When the Company's true financial condition was revealed, the
2 Company's stock price fell. Between April 25 and April 28, the Company's stock
3 price fell from \$4.12 per share to \$2.47 per share, more than 40%, damaging
4 investors.

5 8. Defendants replied with a detailed letter on May 3, 2011. The letter
6 invited shareholders to view security camera footage of its factories in operation.
7 The Company's stock price rose dramatically.

8 9. The very next day, Alfred Little showed that the footage was
9 fabricated. The footage showed rain. During the period in which the Company
10 claimed the footage was shot, there had been no rain.

11 10. The Company was caught red handed, and the Company's stock price
12 fell again to close at \$2.59 on very heavy volume on May 5, 2011.

13 **JURISDICTION AND VENUE**

14 11. The claims asserted herein arise under and pursuant to Sections 10(b)
15 and 20(a) of the Securities Exchange Act, and Rule 10b-5 promulgated thereunder
16 (17 C.F.R. §240.10b-5).

17 12. This Court has jurisdiction over the subject matter of this action
18 pursuant to Section 27 of the Exchange Act (15 U.S.C. §78aa) and 28 U.S.C. §
19 1331.

20 13. Venue is proper in this Judicial District pursuant to §27 of the
21 Exchange Act, 15 U.S.C. § 78aa and 28 U.S.C. § 1391(b)-(d) and under the rule of
22 law announced in *Investors Protection Corp. v. Vigman*, 764 F.2d 1309 (9th Cir.
23 1985).

24 14. In connection with the acts, conduct, and other wrongs alleged in this
25 Complaint, Defendants, directly or indirectly, used the means and instrumentalities
26 of interstate commerce, including but not limited to, the United States mails,
27 interstate telephone communications and the facilities of the national securities
28 exchange.

PARTIES

15. Plaintiff, as set forth in the accompanying certification, incorporated by reference herein, purchased SCEI securities at artificially inflated prices during the Class Period and has been damaged thereby.

16. Defendant SCEI is a Nevada Corporation whose principal place of business is Room 1605, Suite B, Zhengxin Building, No. 5 Gaoxin 1st Road, Gaoxin District, Xi'an, Shaanxi Province, PRC.

17. SCEI, through its subsidiaries, purports to produce coal water slurry fuel ("CWSF"), a type of clean coal that provides heating and energy solution for residential, commercial, and industrial uses in China.

18. Beginning on June 14, 2010, the Company's stock was actively traded on the NASDAQ under ticker "SCEI." Prior to that date, the stock was actively traded on the Over-the-Counter Bulletin Board ("OTC:BB").

19. Defendant Baowen Ren ("Ren") was at all relevant times the Company's CEO and Chairman of the Board.

20. Defendant Hon Wan Chan ("Chan") was the Company's CFO from December 2008 to February 2010. Chan has been as the Company's Vice President of Finance since February 2010.

21. Defendant Wen (Wendy) Fu ("Fu") has been the Company's CFO since February 2010.

22. Defendant Albert Ching-Hwa Pu ("Pu") was a director of the Company since November 2009, and served as the Chairman of the Company's Audit Committee until his abrupt resignation on April 15, 2011. Pu was also CFO of the disgraced company China Integrated Energy, Inc ("China Integrated"). At the request of NASDAQ, trading in China Integrated's stock has been halted while it conducted an internal investigation of allegations of widespread fraud, including allegations that it materially overstated its operations just as SCEI did. The internal investigation team resigned. As did China Integrated's registered independent

1 accountant, KPMG, who also indicated that investors should no longer rely on
2 China Integrated's audited 10-K for FY 2010. Both cited as their reason for
3 withdrawal China Integrated's lack of cooperation in the internal investigation.

4 23. Defendant Wenjie Zhang ("Zhang") was a director of the Company
5 since October 2006, and currently serves as a member of the Company's Audit
6 Committee.

7 24. Defendant Zhixin Jing ("Jing") was a director of the Company since
8 March 2011, and currently serves as a member of the Company's Audit Committee.

9 25. Defendant Peng Zhou ("Zhou") was director of the Company since
10 October 2006, and was the Chief Operating Officer of Shenyang Energy, a
11 subsidiary of SCEI, since October 2009.

12 26. Ren, Chan, Fu, Pu, Zhang, Jing and Zhou are collectively referred to as
13 the "Individual Defendants."

14 27. During the Class Period, each of the Individual Defendants, as senior
15 executive officers, agents, and/or directors of SCEI and its subsidiaries and
16 affiliates, was privy to non-public information concerning the Company's business,
17 finances, products, markets, and present and future business prospects, via access to
18 internal corporate documents, conversations and connections with other corporate
19 officers and employees, attendance at management and Board of Directors meetings
20 and committees thereof, and via reports and other information provided to them in
21 connection therewith. Because of their possession of such information, the
22 Individual Defendants knew or recklessly disregarded the fact that adverse facts
23 specified herein had not been disclosed to, and were being concealed from, the
24 investing public.

25 28. The Individual Defendants participated in the drafting, preparation,
26 and/or approval of the various public, shareholder, and investor reports and other
27 communications complained of herein and were aware of, or recklessly
28 disregarded, the misstatements contained therein and omissions therefrom, and

1 were aware of their materially false and misleading nature. Because of their Board
 2 membership and/or executive and managerial positions with SCEI, each of the
 3 Individual Defendants had access to the adverse undisclosed information about
 4 SCEI's financial condition and performance as particularized herein and knew (or
 5 recklessly disregarded) that these adverse facts rendered the positive representations
 6 made by or about SCEI and its business issued or adopted by the Company
 7 materially false and misleading.

8 **SUBSTANTIVE ALLEGATIONS**

9 29. The Class Period begins on April 6, 2009 when the Company filed its
 10 annual report for the fiscal year ending December 31, 2008 with the SEC on Form
 11 10-K ("2008 10-K.") The 10-K was signed by defendants Ren, Chan, Zhang and
 12 Zhou and, pursuant to the Sarbanes-Oxley Act of 2002 ("SOX"), was separately
 13 certified by defendants Ren and Chan, who each attested both to the accuracy of the
 14 financial statements and that all fraud was disclosed.

15 30. On May 15, 2009, the Company filed its quarterly report for the
 16 quarter ending March 31, 2009 with the SEC on Form 10-Q ("Q1 2009 10-Q.") The
 17 10-Q was signed by defendants Ren and Chan and, pursuant to the SOX, was
 18 separately certified by defendants Ren and Chan attesting to the accuracy of the
 19 financial statements

20 31. On August 14, 2009, the Company filed its quarterly report for the
 21 quarter ending June 30, 2009 with the SEC on Form 10-Q ("Q2 2009 10-Q.") The
 22 10-Q was signed by defendants Ren and, pursuant to the SOX, was separately
 23 certified by defendants Ren and Chan attesting to the accuracy of the financial
 24 statements.

25 32. On October 22, 2010, the Company filed its amended annual report for
 26 the fiscal year ending December 31, 2009 with the SEC on Form 10-K/A ("2009
 27 10-K/A.") The 10-K/A was signed by defendant Ren who was also attorney-in-fact
 28 of defendants Chan, Zhang and Zhou and, pursuant to the SOX, was separately

1 certified by defendants Ren and Chan attesting to the accuracy of the financial
2 statements.

3 33. On November 16, 2009, the Company filed its quarterly report for the
4 quarter ending September 30, 2009 with the SEC on Form 10-Q ("Q3 2009 10-Q.")
5 The 10-Q was signed by defendants Ren and, pursuant to the SOX, was separately
6 certified by defendants Ren and Chan attesting to the accuracy of the financial
7 statements.

8 34. On April 9, 2010, the Company filed its annual report for the fiscal
9 year ended December 31, 2009 with the SEC on Form 10-K ("2009 10-K.") The
10 10-K was signed by defendants Ren, Fu, Zhang, Zhou and Pu and, pursuant to the
11 SOX, was separately certified by defendants Ren and Fu attesting to the accuracy of
12 the financial statements.

13 35. On May 17, 2010, the Company filed its quarterly report for the
14 quarter ending March 31, 2010 with the SEC on Form 10-Q ("Q1 2010 10-Q.") The
15 10-Q was signed by defendants Ren and, pursuant to the SOX, was separately
16 certified by defendants Ren and Fu attesting to the accuracy of the financial
17 statements.

18 36. On August 13, 2010, the Company filed its quarterly report for the
19 quarter ending June 30, 2010 with the SEC on Form 10-Q ("Q2 2010 10-Q.") The
20 10-Q was signed by defendants Ren and, pursuant to the SOX, was separately
21 certified by defendants Ren and Fu attesting to the accuracy of the financial
22 statements.

23 37. On November 12, 2010, the Company filed its quarterly report for the
24 quarter ending September 30, 2010 with the SEC on Form 10-Q ("Q3 2010 10-Q.")
25 The 10-Q was signed by defendants Ren and, pursuant to the SOX, was separately
26 certified by defendants Ren and Fu attesting to the accuracy of the financial
27 statements.
28

1 38. On December 22, 2009, the Company filed a final prospectus with the
2 SEC on Form 424B (the “December 22 Prospectus”) for the sale of 5.465 Million
3 shares of stock, with proceeds of \$ 26,682,862.50 going to SCEI.

4 39. On March 25, 2011, the Company filed a final prospectus with the
5 SEC on form 424B (the “March 25 Prospectus”) for the resale of 3,258,143 shares
6 of stock.

7 40. On April 5, 2011, the Company filed its annual report for the fiscal
8 year ending December 31, 2010 with the SEC on Form 10-K (“2010 10-K.”) The
9 10-K was signed by defendants Ren, Fu, Zhang, Zhou, Pu and Jing and, pursuant to
10 the SOX, was separately certified by defendants Ren and Fu attesting to the
11 accuracy of the financial statements.

12 41. Each of these SEC filings contained materially false and misleading
13 statements.

14 42. SCEI materially overstated its revenue in every SEC filing beginning
15 with the 2008 10-K.

16 43. SCEI purported to have revenue of \$13.8 Million in fiscal 2008.
17 Documents filed with the Chinese State Administration of Taxation (“SAT”) show
18 that Shaanxi Suo’ang New Energy Enterprises Co., Ltd (“SSNE”), SCEI’s only
19 operating subsidiary producing CWFS in 2008, only earned \$0.06 million in 2008.

20 44. SCEI purported to have revenue of \$46 Million in fiscal 2009. Its
21 SAT filings, however, show that SSNE, SCEI’s major operating subsidiary
22 producing CWFS in 2009, only earned \$0.18 million in 2008.

23 45. SCEI purported to have revenue of \$ 24.5 Million in the first quarter of
24 2010. Its SAT filings, however, show that SSNE, SCEI’s major operating
25 subsidiary producing CWFS during the period, only earned \$0.33 million in the
26 first quarter of 2010.

27 46. SCEI also materially overstated its operation in every SEC filing listed
28 above, another proof of its overstated revenue.

- 1 • SCEI has only 6-7 employees, rather than 86 employees as the Company
- 2 claimed.
- 3 • Four of the Company's largest customers could not be confirmed or found.

4 55. Based on these facts, the report concluded that the Company had no

5 operations.

6 56. On April 28, 2011, analyst Alfred Little also published a report setting

7 forth a host of detailed allegations that stated that the Company had lied on more or

8 less all of its SEC filings. The Report listed a number of red flags and evidence

9 contradicting the Company's annual reports and public statements filed with the

10 SEC and issued to U.S. investors. The evidence included:

- 11 a. International Financials Research and Analysis Group ("IFRA") conducted
- 12 four month's surveillance of SCEI's three CWSF factories in China, showing
- 13 SCEI has "nothing more than backyard-sized money losing operations."
- 14 b. SCEI's SEC filings claim that its Tongchuan factory has 550,000 ton
- 15 production capacity -- 90 truckloads per day. However, IFRA's surveillance
- 16 shows that in January and February 2011, the factory produced an average 4
- 17 tanker truckloads per day.
- 18 c. According to SCEI's SEC filings, its Shenyang factory has 300,000 ton
- 19 capacity, meaning at least 49 truckloads per day. However, IFRA's
- 20 surveillance shows that the factory has only one tanker truck in operation
- 21 even during the busy season.
- 22 d. SCEI claims its Dongguan factory has 300,000 ton capacity. But IFRA's
- 23 surveillance shows the factory has been no production activity up to end of
- 24 April 2011.
- 25 e. SCEI claimed to have five customers in Shenyang. In reality, it has only one
- 26 customer for which the only tank truck is serving.
- 27 f. Chinese tax filings allegedly showing that the Company had no or nearly no
- 28 operations.

1 57. On the same, the Company issued press release announcing it will
2 issue a shareholder letter responding to allegations made in Geoinvesting's report.

3 58. On May 3, 2011, Alfred Little published a follow-up report revealing
4 that SCEI's CEO and Chairman's Ponzi scheme had defrauded Chinese Investors
5 of over \$20 million, potentially exposing SCEI to civil and criminal liability under
6 Chinese law. This report referenced the April 28 report.

7 59. The same day, the Company posted a letter to investors on its investor
8 relationship website, responding to allegations in Geoinvesting and Alfred Little's
9 report. The response did not mention Alfred Little's May 3 article. However, it did
10 provide footage allegedly taken by the Company's security camera in the course of
11 business showing that the Company had operations.

12 60. On May 4, 2011, Alfred Little pointed out that the videos produced by
13 management were of rainy days. During the period in which management claimed
14 to have filmed the videos, according to Chinese state weather reports, there had
15 been no rain.

16 61. On May 5, 2011, the Company issued a press release, threatening to
17 take an action against Alfred Little and Geoinvesting.

18 62. Four hours later, Alfred Little furthered its allegation by explaining
19 how IFRA collected the surveillance videos under various dangerous and costly
20 conditions.

21 63. From April 25, 2011 to April 28, 2011, SCEI's stock price fell from
22 \$4.12/share to \$2.47/share, over 40% on extraordinarily heavy trading volume,
23 damaging investors.

24 64. Although the Company's share price recovered in the wake of its false
25 and misleading press release dated May 3, 2011, it fell again on May 4 to May 5 to
26 \$2.59.

27 **PLAINTIFF'S CLASS ACTION ALLEGATIONS**

1 65. Plaintiff brings this action as a class action pursuant to Federal Rules
2 of Civil Procedure 23(a) and (b)(3) on behalf of a Class, consisting of all persons
3 who purchased the common stock of SCEI during the Class Period and who were
4 damaged thereby. Excluded from the Class are Defendants, the officers and
5 directors of the Company at all relevant times, members of their immediate families
6 and their legal representatives, heirs, successors or assigns and any entity in which
7 defendants have or had a controlling interest.

8 66. The members of the Class are so numerous that joinder of all members
9 is impracticable. Throughout the Class Period, SCEI's securities were actively
10 traded on the NASDAQ or the OTC:BB. While the exact number of Class
11 members is unknown to Plaintiff at this time and can only be ascertained through
12 appropriate discovery, Plaintiff believes that there are at least hundreds of members
13 in the proposed Class. Members of the Class may be identified from records
14 maintained by SCEI or its transfer agent and may be notified of the pendency of
15 this action by mail, using a form of notice customarily used in securities class
16 actions.

17 67. Plaintiff's claims are typical of the claims of the members of the Class,
18 as all members of the Class are similarly affected by Defendants' wrongful conduct
19 in violation of federal law that is complained of herein.

20 68. Plaintiff will fairly and adequately protect the interests of the members
21 of the Class and has retained counsel competent and experienced in class and
22 securities litigation.

23 69. Common questions of law and fact exist as to all members of the Class
24 and predominate over any questions solely affecting individual members of the
25 Class. Among the questions of law and fact common to the Class are:

26 (a) whether the federal securities laws were violated by Defendants'
27 acts as alleged herein;
28

1 (b) whether statements made by Defendants to the investing public
2 during the Class Period misrepresented material facts about the business, operations
3 and management of SCEI; and

4 (c) to what extent the members of the Class have sustained damages
5 and the proper measure of damages.

6 70. A class action is superior to all other available methods for the fair and
7 efficient adjudication of this controversy since joinder of all members is
8 impracticable. Furthermore, as the damages suffered by individual Class members
9 may be relatively small, the expense and burden of individual litigation make it
10 impossible for members of the Class to redress individually the wrongs done to
11 them. There will be no difficulty in the management of this action as a class action.

12 **Applicability of Presumption of Reliance:**

13 **Fraud-on-the-Market Doctrine**

14 71. At all relevant times, the market for SCEI's common stock was an
15 efficient market for the following reasons, among others:

16 (a) SCEI's stock met the requirements for listing, and is listed and
17 actively traded on the NASDAQ, a highly efficient and automated market;

18 (b) During the class period, on average, over several hundreds of thousands of
19 shares of SCEI stock were traded on a weekly basis, demonstrating a very active and
20 broad market for SCEI stock and permitting a *very strong* presumption of an efficient
21 market;

22 (c) As a regulated issuer, SCEI filed periodic public reports with the SEC
23 and was eligible and did file short form registration statements with the SEC on
24 Form S-3 during the Class Period;

25 (d) SCEI regularly communicated with public investors via established
26 market communication mechanisms, including through regular disseminations of
27 press releases on the national circuits of major newswire services and through
28

1 other wide-ranging public disclosures, such as communications with the financial
2 press and other similar reporting services;

3 (e) SCEI was followed by several securities analysts employed by
4 major brokerage firms who wrote reports that were distributed to the sales force
5 and certain customers of their respective brokerage firms during the Class
6 Period. Each of these reports was publicly available and entered the public
7 marketplace;

8 (f) Numerous NASD member firms were active market-makers in SCEI
9 stock at all times during the Class Period; and

10 (g) Unexpected material news about SCEI was rapidly reflected and
11 incorporated into the Company's stock price during the Class Period.

12 72. As a result of the foregoing, the market for SCEI's common stock
13 promptly digested current information regarding SCEI from all publicly available
14 sources and reflected such information in SCEI's stock price. Under these
15 circumstances, all purchasers of SCEI's common stock during the Class Period
16 suffered similar injury through their purchase of SCEI's common stock at
17 artificially inflated prices, and a presumption of reliance applies.

18 **FIRST CLAIM**

19 **Violation of Section 10(b) Of**

20 **The Exchange Act Against and Rule 10b-5**

21 **Promulgated Thereunder Against All Defendants**

22 73. Plaintiff repeats and realleges each and every allegation contained
23 above as if fully set forth herein.

24 74. This claim is brought against SCEI and all of the Individual
25 Defendants.

26 75. During the Class Period, Defendants carried out a plan, scheme and
27 course of conduct which was intended to and, throughout the Class Period, did: (1)
28 deceive the investing public, including plaintiff and other Class members, as

1 alleged herein; and (2) cause plaintiff and other members of the Class to purchase
2 SCEI's common stock at artificially inflated prices. In furtherance of this unlawful
3 scheme, plan and course of conduct, Defendants, and each of them, took the actions
4 set forth herein.

5 76. Defendants (a) employed devices, schemes, and artifices to defraud;
6 (b) made untrue statements of material fact and/or omitted to state material facts
7 necessary to make the statements not misleading; and (c) engaged in acts, practices,
8 and a course of business that operated as a fraud and deceit upon the purchasers of
9 the Company's common stock in an effort to maintain artificially high market
10 prices for SCEI's common stock in violation of Section 10(b) of the Exchange Act
11 and Rule 10b-5 thereunder. All Defendants are sued either as primary participants
12 in the wrongful and illegal conduct charged herein or as controlling persons as
13 alleged below.

14 77. Defendants, individually and in concert, directly and indirectly, by the
15 use, means or instrumentalities of interstate commerce and/or of the mails, engaged
16 and participated in a continuous course of conduct to conceal adverse material
17 information about the business, operations and future prospects of SCEI as
18 specified herein.

19 78. These Defendants employed devices, schemes and artifices to defraud,
20 while in possession of material adverse non-public information and engaged in acts,
21 practices, and a course of conduct as alleged herein in an effort to assure investors
22 of SCEI's value and performance and continued substantial growth, which included
23 the making of, or participation in the making of, untrue statements of material facts
24 and omitting to state material facts necessary in order to make the statements made
25 about SCEI and its business operations and future prospects in the light of the
26 circumstances under which they were made, not misleading, as set forth more
27 particularly herein, and engaged in transactions, practices and a course of business
28

1 that operated as a fraud and deceit upon the purchasers of SCEI's common stock
2 during the Class Period.

3 79. Each of the Individual Defendants' primary liability, and controlling
4 person liability, arises from the following facts: (1) the Individual Defendants were
5 high-level executives, directors, and/or agents at the Company during the Class
6 Period and members of the Company's management team or had control thereof;
7 (2) each of these defendants, by virtue of his or her responsibilities and activities as
8 a senior officer and/or director of the Company, was privy to and participated in the
9 creation, development and reporting of the Company's financial condition; (3) each
10 of these defendants enjoyed significant personal contact and familiarity with the
11 other defendants and was advised of and had access to other members of the
12 Company's management team, internal reports and other data and information
13 about the Company's finances, operations, and sales at all relevant times; and
14 (4) each of these defendants was aware of the Company's dissemination of
15 information to the investing public which they knew or recklessly disregarded was
16 materially false and misleading.

17 80. Defendants had actual knowledge of the misrepresentations and
18 omissions of material facts set forth herein, or acted with reckless disregard for the
19 truth in that they failed to ascertain and to disclose such facts, even though such
20 facts were available to them. Such Defendants' material misrepresentations and/or
21 omissions were done knowingly or recklessly and for the purpose and effect of
22 concealing SCEI's operating condition and future business prospects from the
23 investing public and supporting the artificially inflated price of its common stock.
24 As demonstrated by Defendants' overstatements and misstatements of the
25 Company's financial condition throughout the Class Period, Defendants, if they did
26 not have actual knowledge of the misrepresentations and omissions alleged, were
27 reckless in failing to obtain such knowledge by deliberately refraining from taking
28

1 those steps necessary to discover whether those statements were false or
2 misleading.

3 81. As a result of the dissemination of the materially false and misleading
4 information and failure to disclose material facts, as set forth above, the market
5 price of SCEI's common stock was artificially inflated during the Class Period. In
6 ignorance of the fact that market prices of SCEI's publicly-traded common stock
7 were artificially inflated, and relying directly or indirectly on the false and
8 misleading statements made by Defendants, or upon the integrity of the market in
9 which the common stock trades, and/or on the absence of material adverse
10 information that was known to or recklessly disregarded by Defendants but not
11 disclosed in public statements by Defendants during the Class Period, Plaintiff and
12 the other members of the Class acquired SCEI common stock during the Class
13 Period at artificially high prices and were or will be damaged thereby.

14 82. At the time of said misrepresentations and omissions, Plaintiff and
15 other members of the Class were ignorant of their falsity, and believed them to be
16 true. Had Plaintiff and the other members of the Class and the marketplace known
17 the truth regarding SCEI's financial results, which were not disclosed by
18 defendants, Plaintiff and other members of the Class would not have purchased or
19 otherwise acquired their SCEI common stock, or, if they had acquired such
20 common stock during the Class Period, they would not have done so at the
21 artificially inflated prices that they paid.

22 83. By virtue of the foregoing, Defendants have violated Section 10(b) of
23 the Exchange Act, and Rule 10b-5 promulgated thereunder.

24 84. As a direct and proximate result of Defendants' wrongful conduct,
25 Plaintiff and the other members of the Class suffered damages in connection with
26 their respective purchases and sales of the Company's common stock during the
27 Class Period.
28

1 89. As set forth above, SCEI and the Individual Defendants each violated
2 Section 10(b) and Rule 10b-5 by their acts and omissions as alleged in this
3 Complaint.

4 90. By virtue of their positions as controlling persons, the Individual
5 Defendants are liable pursuant to Section 20(a) of the Exchange Act. As a direct
6 and proximate result of Defendants' wrongful conduct, Plaintiff and other members
7 of the Class suffered damages in connection with their purchases of the Company's
8 common stock during the Class Period.

9 91. This action was filed within two years of discovery of the fraud and
10 within five years of each Plaintiff's purchases of securities giving rise to the cause
11 of action.

12 **PRAYER FOR RELIEF**

13 **WHEREFORE**, Plaintiff prays for relief and judgment, as follows:

14 (a) Determining that this action is a proper class action, designating
15 Plaintiff as class representative under Rule 23 of the Federal Rules of Civil
16 Procedure and Plaintiff's counsel as Class Counsel;

17 (b) Awarding compensatory damages in favor of Plaintiff and the
18 other Class members against all defendants, jointly and severally, for all damages
19 sustained as a result of defendants' wrongdoing, in an amount to be proven at trial,
20 including interest thereon;

21 (c) Awarding Plaintiff and the Class their reasonable costs and
22 expenses incurred in this action, including counsel fees and expert fees; and

23 (d) Awarding such other and further relief as the Court may deem
24 just and proper.

25 **JURY TRIAL DEMANDED**

26 Plaintiff hereby demands a trial by jury.

27 Dated: May 6, 2011

28 Respectfully submitted,

THE ROSEN LAW FIRM, P.A.



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Counsel for Plaintiff

**UNITED STATES DISTRICT COURT
CENTRAL DISTRICT OF CALIFORNIA**

NOTICE OF ASSIGNMENT TO UNITED STATES MAGISTRATE JUDGE FOR DISCOVERY

This case has been assigned to District Judge Percy Anderson and the assigned discovery Magistrate Judge is Suzanne H. Segal.

The case number on all documents filed with the Court should read as follows:

CV11- 3936 PA (SSx)

Pursuant to General Order 05-07 of the United States District Court for the Central District of California, the Magistrate Judge has been designated to hear discovery related motions.

All discovery related motions should be noticed on the calendar of the Magistrate Judge

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NOTICE TO COUNSEL

A copy of this notice must be served with the summons and complaint on all defendants (if a removal action is filed, a copy of this notice must be served on all plaintiffs).

Subsequent documents must be filed at the following location:

☒ **Western Division**
312 N. Spring St., Rm. G-8
Los Angeles, CA 90012

☐ **Southern Division**
411 West Fourth St., Rm. 1-053
Santa Ana, CA 92701-4516

☐ **Eastern Division**
3470 Twelfth St., Rm. 134
Riverside, CA 92501

Failure to file at the proper location will result in your documents being returned to you.

Name & Address:

Laurence M. Rosen, Esq. (SBN 219683)
 THE ROSEN LAW FIRM, P.A.
 333 South Grand Avenue, 25th Floor
 Los Angeles, CA 90071

UNITED STATES DISTRICT COURT
 CENTRAL DISTRICT OF CALIFORNIA

GARY REDWEN, INDIVIDUALLY AND ON BEHALF OF ALL
 OTHERS SIMILARLY SITUATED,

PLAINTIFF(S)

v.

SINO CLEAN ENERGY INC., BAOWEN REN, WEN FU, ALBERT
 CHING-HWA PU, HON WAN CHAN, WENJIE ZHANG, ZHIXIN
 JING, AND PENG ZHOU,

DEFENDANT(S).

CASE NUMBER

CV11-03936 PA (SSx)

SUMMONS

TO: DEFENDANT(S): _____

A lawsuit has been filed against you.

Within 21 days after service of this summons on you (not counting the day you received it), you must serve on the plaintiff an answer to the attached ☒ complaint ☐ _____ amended complaint ☐ counterclaim ☐ cross-claim or a motion under Rule 12 of the Federal Rules of Civil Procedure. The answer or motion must be served on the plaintiff's attorney, Laurence M. Rosen, whose address is 333 South Grand Avenue, 25th Floor, Los Angeles, CA 90071. If you fail to do so, judgment by default will be entered against you for the relief demanded in the complaint. You also must file your answer or motion with the court.

MAY - 6 2011

Clerk, U.S. District Court

JULIE PRADO

SEAL

Dated: _____

By: _____

Deputy Clerk

(Seal of the Court)

[Use 60 days if the defendant is the United States or a United States agency, or is an officer or employee of the United States. Allowed 60 days by Rule 12(a)(3)].

UNITED STATES DISTRICT COURT, CENTRAL DISTRICT OF CALIFORNIA
CIVIL COVER SHEET

I (a) PLAINTIFFS (Check box if you are representing yourself <input type="checkbox"/> GARY REDWEN, INDIVIDUALLY AND ON BEHALF OF ALL OTHERS SIMILARLY SITUATED		DEFENDANTS SINO CLEAN ENERGY INC., BAOWEN REN, WEN FU, ALBERT CHING-HWA PU, HON WAN CHAN, WENJIE ZHANG, ZHIXIN JING, AND PENG ZHOU,	
(b) Attorneys (Firm Name, Address and Telephone Number. If you are representing yourself, provide same.) Laurence M. Rosen, Esq. (SBN 219683), THE ROSEN LAW FIRM, P.A., 333 South Grand Avenue, 25th Floor, Los Angeles, CA 90071, Tel: (213) 785-2610, Fax: (213) 226-4684, Email: lrosen@rosenlegal.com		Attorneys (If Known)	

II. BASIS OF JURISDICTION (Place an X in one box only.) <input type="checkbox"/> 1 U.S. Government Plaintiff <input checked="" type="checkbox"/> 3 Federal Question (U.S. Government Not a Party) <input type="checkbox"/> 2 U.S. Government Defendant <input type="checkbox"/> 4 Diversity (Indicate Citizenship of Parties in Item III)	III. CITIZENSHIP OF PRINCIPAL PARTIES - For Diversity Cases Only (Place an X in one box for plaintiff and one for defendant.) <table style="width:100%; border: none;"> <tr> <td style="width:35%;"></td> <td style="width:10%; text-align: center;">PTF</td> <td style="width:10%; text-align: center;">DEF</td> <td style="width:35%;"></td> <td style="width:10%; text-align: center;">PTF</td> <td style="width:10%; text-align: center;">DEF</td> </tr> <tr> <td>Citizen of This State</td> <td align="center"><input type="checkbox"/> 1</td> <td align="center"><input type="checkbox"/> 1</td> <td>Incorporated or Principal Place of Business in this State</td> <td align="center"><input type="checkbox"/> 4</td> <td align="center"><input type="checkbox"/> 4</td> </tr> <tr> <td>Citizen of Another State</td> <td align="center"><input type="checkbox"/> 2</td> <td align="center"><input type="checkbox"/> 2</td> <td>Incorporated and Principal Place of Business in Another State</td> <td align="center"><input type="checkbox"/> 5</td> <td align="center"><input type="checkbox"/> 5</td> </tr> <tr> <td>Citizen or Subject of a Foreign Country</td> <td align="center"><input type="checkbox"/> 3</td> <td align="center"><input type="checkbox"/> 3</td> <td>Foreign Nation</td> <td align="center"><input type="checkbox"/> 6</td> <td align="center"><input type="checkbox"/> 6</td> </tr> </table>		PTF	DEF		PTF	DEF	Citizen of This State	<input type="checkbox"/> 1	<input type="checkbox"/> 1	Incorporated or Principal Place of Business in this State	<input type="checkbox"/> 4	<input type="checkbox"/> 4	Citizen of Another State	<input type="checkbox"/> 2	<input type="checkbox"/> 2	Incorporated and Principal Place of Business in Another State	<input type="checkbox"/> 5	<input type="checkbox"/> 5	Citizen or Subject of a Foreign Country	<input type="checkbox"/> 3	<input type="checkbox"/> 3	Foreign Nation	<input type="checkbox"/> 6	<input type="checkbox"/> 6
	PTF	DEF		PTF	DEF																				
Citizen of This State	<input type="checkbox"/> 1	<input type="checkbox"/> 1	Incorporated or Principal Place of Business in this State	<input type="checkbox"/> 4	<input type="checkbox"/> 4																				
Citizen of Another State	<input type="checkbox"/> 2	<input type="checkbox"/> 2	Incorporated and Principal Place of Business in Another State	<input type="checkbox"/> 5	<input type="checkbox"/> 5																				
Citizen or Subject of a Foreign Country	<input type="checkbox"/> 3	<input type="checkbox"/> 3	Foreign Nation	<input type="checkbox"/> 6	<input type="checkbox"/> 6																				

IV. ORIGIN (Place an X in one box only.) <input checked="" type="checkbox"/> 1 Original Proceeding <input type="checkbox"/> 2 Removed from State Court <input type="checkbox"/> 3 Remanded from Appellate Court <input type="checkbox"/> 4 Reinstated or Reopened <input type="checkbox"/> 5 Transferred from another district (specify): <input type="checkbox"/> 6 Multi-District Litigation <input type="checkbox"/> 7 Appeal to District Judge from Magistrate Judge

V. REQUESTED IN COMPLAINT: JURY DEMAND: <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No (Check 'Yes' only if demanded in complaint.) CLASS ACTION under F.R.C.P. 23: <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> MONEY DEMANDED IN COMPLAINT: \$ _____

VI. CAUSE OF ACTION (Cite the U.S. Civil Statute under which you are filing and write a brief statement of cause. Do not cite jurisdictional statutes unless diversity.) Class Action for Violations of the Federal Securities Laws, 15 U.S.C. §78j(b) and 78t(a), 17 C.F.R. §240.10b-5					
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VII. NATURE OF SUIT (Place an X in one box only.)					
OTHER STATUTES <input type="checkbox"/> 400 State Reapportionment <input type="checkbox"/> 410 Antitrust <input type="checkbox"/> 430 Banks and Banking <input type="checkbox"/> 450 Commerce/ICC Rates/etc. <input type="checkbox"/> 460 Deportation <input type="checkbox"/> 470 Racketeer Influenced and Corrupt Organizations <input type="checkbox"/> 480 Consumer Credit <input type="checkbox"/> 490 Cable/Sat TV <input type="checkbox"/> 810 Selective Service <input type="checkbox"/> 850 Securities/Commodities/Exchange <input type="checkbox"/> 875 Customer Challenge 12 USC 3410 <input checked="" type="checkbox"/> 890 Other Statutory Actions <input type="checkbox"/> 891 Agricultural Act <input type="checkbox"/> 892 Economic Stabilization Act <input type="checkbox"/> 893 Environmental Matters <input type="checkbox"/> 894 Energy Allocation Act <input type="checkbox"/> 895 Freedom of Info. Act <input type="checkbox"/> 900 Appeal of Fee Determination Under Equal Access to Justice <input type="checkbox"/> 950 Constitutionality of State Statutes	CONTRACT <input type="checkbox"/> 110 Insurance <input type="checkbox"/> 120 Marine <input type="checkbox"/> 130 Miller Act <input type="checkbox"/> 140 Negotiable Instrument <input type="checkbox"/> 150 Recovery of Overpayment & Enforcement of Judgment <input type="checkbox"/> 151 Medicare Act <input type="checkbox"/> 152 Recovery of Defaulted Student Loan (Excl. Veterans) <input type="checkbox"/> 153 Recovery of Overpayment of Veteran's Benefits <input type="checkbox"/> 160 Stockholders' Suits <input type="checkbox"/> 190 Other Contract <input type="checkbox"/> 195 Contract Product Liability <input type="checkbox"/> 196 Franchise REAL PROPERTY <input type="checkbox"/> 210 Land Condemnation <input type="checkbox"/> 220 Foreclosure <input type="checkbox"/> 230 Rent Lease & Ejectment <input type="checkbox"/> 240 Torts to Land <input type="checkbox"/> 245 Tort Product Liability <input type="checkbox"/> 290 All Other Real Property	TORTS PERSONAL INJURY <input type="checkbox"/> 310 Airplane <input type="checkbox"/> 315 Airplane Product Liability <input type="checkbox"/> 320 Assault, Libel & Slander <input type="checkbox"/> 330 Fed. Employers' Liability <input type="checkbox"/> 340 Marine <input type="checkbox"/> 345 Marine Product Liability <input type="checkbox"/> 350 Motor Vehicle <input type="checkbox"/> 355 Motor Vehicle Product Liability <input type="checkbox"/> 360 Other Personal Injury <input type="checkbox"/> 362 Personal Injury-Med Malpractice <input type="checkbox"/> 365 Personal Injury-Product Liability <input type="checkbox"/> 368 Asbestos Personal Injury Product Liability IMMIGRATION <input type="checkbox"/> 462 Naturalization Application <input type="checkbox"/> 463 Habeas Corpus-Alien Detainee <input type="checkbox"/> 465 Other Immigration Actions	TORTS PERSONAL PROPERTY <input type="checkbox"/> 370 Other Fraud <input type="checkbox"/> 371 Truth in Lending <input type="checkbox"/> 380 Other Personal Property Damage <input type="checkbox"/> 385 Property Damage Product Liability BANKRUPTCY <input type="checkbox"/> 422 Appeal 28 USC 158 <input type="checkbox"/> 423 Withdrawal 28 USC 157 CIVIL RIGHTS <input type="checkbox"/> 441 Voting <input type="checkbox"/> 442 Employment <input type="checkbox"/> 443 Housing/Accommodations <input type="checkbox"/> 444 Welfare <input type="checkbox"/> 445 American with Disabilities - Employment <input type="checkbox"/> 446 American with Disabilities - Other <input type="checkbox"/> 440 Other Civil Rights	PRISONER PETITIONS <input type="checkbox"/> 510 Motions to Vacate Sentence <input type="checkbox"/> 530 General Habeas Corpus <input type="checkbox"/> 535 Death Penalty <input type="checkbox"/> 540 Mandamus/Other <input type="checkbox"/> 550 Civil Rights <input type="checkbox"/> 555 Prison Condition FORFEITURE/PENALTY <input type="checkbox"/> 610 Agriculture <input type="checkbox"/> 620 Other Food & Drug <input type="checkbox"/> 625 Drug Related Seizure of Property 21 USC 881 <input type="checkbox"/> 630 Liquor Laws <input type="checkbox"/> 640 R.R. & Truck <input type="checkbox"/> 650 Airline Regs <input type="checkbox"/> 660 Occupational Safety /Health <input type="checkbox"/> 690 Other	LABOR <input type="checkbox"/> 710 Fair Labor Standards Act <input type="checkbox"/> 720 Labor/Mgmt. Relations <input type="checkbox"/> 730 Labor/Mgmt. Reporting & Disclosure Act <input type="checkbox"/> 740 Railway Labor Act <input type="checkbox"/> 790 Other Labor Litigation <input type="checkbox"/> 791 Empl. Ret. Inc. Security Act PROPERTY RIGHTS <input type="checkbox"/> 820 Copyrights <input type="checkbox"/> 830 Patent <input type="checkbox"/> 840 Trademark SOCIAL SECURITY <input type="checkbox"/> 861 HIA (1395ff) <input type="checkbox"/> 862 Black Lung (923) <input type="checkbox"/> 863 DIWC/DIWW (405(g)) <input type="checkbox"/> 864 SSID Title XVI <input type="checkbox"/> 865 RSI (405(g)) FEDERAL TAX SUITS <input type="checkbox"/> 870 Taxes (U.S. Plaintiff or Defendant) <input type="checkbox"/> 871 IRS-Third Party 26 USC 7609

FOR OFFICE USE ONLY: Case Number:

CV11-03936

AFTER COMPLETING THE FRONT SIDE OF FORM CV-71, COMPLETE THE INFORMATION REQUESTED BELOW.

**UNITED STATES DISTRICT COURT, CENTRAL DISTRICT OF CALIFORNIA
CIVIL COVER SHEET**

VIII(a). IDENTICAL CASES: Has this action been previously filed in this court and dismissed, remanded or closed? ☒ No ☐ Yes
If yes, list case number(s): _____

VIII(b). RELATED CASES: Have any cases been previously filed in this court that are related to the present case? ☒ No ☐ Yes
If yes, list case number(s): _____

Civil cases are deemed related if a previously filed case and the present case:

- (Check all boxes that apply) ☐ A. Arise from the same or closely related transactions, happenings, or events; or
☐ B. Call for determination of the same or substantially related or similar questions of law and fact; or
☐ C. For other reasons would entail substantial duplication of labor if heard by different judges; or
☐ D. Involve the same patent, trademark or copyright, and one of the factors identified above in a, b or c also is present.

IX. VENUE: (When completing the following information, use an additional sheet if necessary.)

- (a) List the County in this District; California County outside of this District; State if other than California; or Foreign Country, in which **EACH** named plaintiff resides.
☐ Check here if the government, its agencies or employees is a named plaintiff. If this box is checked, go to item (b).

County in this District:*	California County outside of this District; State, if other than California; or Foreign Country
	Switzerland

- (b) List the County in this District; California County outside of this District; State if other than California; or Foreign Country, in which **EACH** named defendant resides.
☐ Check here if the government, its agencies or employees is a named defendant. If this box is checked, go to item (c).

County in this District:*	California County outside of this District; State, if other than California; or Foreign Country
	People's Republic of China

- (c) List the County in this District; California County outside of this District; State if other than California; or Foreign Country, in which **EACH** claim arose.
Note: In land condemnation cases, use the location of the tract of land involved.

County in this District:*	California County outside of this District; State, if other than California; or Foreign Country
Los Angeles	

* Los Angeles, Orange, San Bernardino, Riverside, Ventura, Santa Barbara, or San Luis Obispo Counties

Note: In land condemnation cases, use the location of the tract of land involved.

X. SIGNATURE OF ATTORNEY (OR PRO PER): 

Date 04/29/2011

5/6/11

Notice to Counsel/Parties: The CV-71 (JS-44) Civil Cover Sheet and the information contained herein neither replace nor supplement the filing and service of pleadings or other papers as required by law. This form, approved by the Judicial Conference of the United States in September 1974, is required pursuant to Local Rule 3-1 is not filed but is used by the Clerk of the Court for the purpose of statistics, venue and initiating the civil docket sheet. (For more detailed instructions, see separate instructions sheet.)

Key to Statistical codes relating to Social Security Cases:

Nature of Suit Code	Abbreviation	Substantive Statement of Cause of Action
861	HIA	All claims for health insurance benefits (Medicare) under Title 18, Part A, of the Social Security Act, as amended. Also, include claims by hospitals, skilled nursing facilities, etc., for certification as providers of services under the program. (42 U.S.C. 1935FF(b))
862	BL	All claims for "Black Lung" benefits under Title 4, Part B, of the Federal Coal Mine Health and Safety Act of 1969. (30 U.S.C. 923)
863	DIWC	All claims filed by insured workers for disability insurance benefits under Title 2 of the Social Security Act, as amended; plus all claims filed for child's insurance benefits based on disability. (42 U.S.C. 405(g))
863	DIWW	All claims filed for widows or widowers insurance benefits based on disability under Title 2 of the Social Security Act, as amended. (42 U.S.C. 405(g))
864	SSID	All claims for supplemental security income payments based upon disability filed under Title 16 of the Social Security Act, as amended.
865	RSI	All claims for retirement (old age) and survivors benefits under Title 2 of the Social Security Act, as amended. (42 U.S.C. (g))